

Start Here

What We Can Do For You

Garage.com's mission statement and what we will be able to do for you.

Frequently Asked Questions

Quick answers to common questions.

Investors In Heaven

A select list of individuals ("angels"), venture capital firms, and corporate investors who can view and may invest in investment opportunities posted in Heaven.

In the News

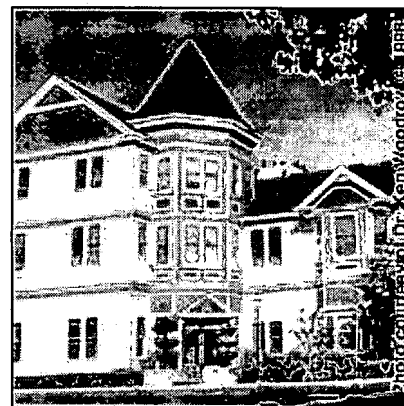
Our press releases, and what the press is saying about garage.com.

How To Contact Us

Driving instructions, and how to email, fax, or send us goodies.

Famous Garages

Hewlett Packard **really did** start in a garage...



The garage.com Home
Palo Alto, CA

This 1893 Queen Anne-style building was moved in 1921 from University Avenue to its current location at 420 Florence, only 1/2 mile from the most famous garage in America (and probably the world).

Our founding sponsors:



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welcome to Garage.com

February 7, 1999


Guy Kawasaki's new book
[Rules For Revolutionaries](#)

Garage.com helps
entrepreneurs and
investors build great
businesses.

Start Here

Learn what we can do for you.



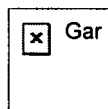


garage.com's two-day seminar for startups!
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Heaven

For investors. Find startup
companies that match your
investment criteria.



Garage

For entrepreneurs.

Register and find valuable
resources to help build your
business.



Forums

Gain valuable insights
through focused articles and
Q&A's from our panel of
business experts.



Resources

Get valuable information
and assistance on startup-
related issues.



Newsroom

Browse stories, opinions,
and articles of interest to
high tech investors and
entrepreneurs.



Who We Are

Meet the people and
organizations that make
garage.com possible.

Our founding sponsors:

Garage.com is not a registered broker/dealer and may not sell, offer to sell or offer to buy any security. The material on the public portions of this site are intended to be strictly informational. The necessary broker/dealer services related to the operation of garage.com's

Web site, including, but not limited to, approving startup applicants, approving investor applicants and conducting any communications with Member Investors that may be construed as involving offers to sell or solicitations of offers to buy any security of a posted company are provided by a registered broker/dealer. Information about companies posted in Heaven is solely for the use of approved Member Investors and may not be reviewed by or distributed to others under any circumstances.

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...we startup startups

Public Area

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Start Here : Frequently Asked Questions (FAQs)

[General Questions](#)[Web Site Questions](#)[Entrepreneur Questions](#)[Investor Questions](#)[Other Questions](#)

General Questions [\(go back to top\)](#)

What is garage.com's mission?

Garage.com helps entrepreneurs and investors build great high technology companies.

How does garage.com accomplish its mission?

Our #1 priority is to help entrepreneurs find seed capital and investors find great investment opportunities in startup companies.

We match entrepreneurs with a network of high quality, experienced investors looking for seed investments.

We carefully screen startups to find seed level companies with the greatest potential. These are our Member Companies.

We also screen investors to make sure that they are both qualified and experienced. These are our Member Investors. Our Member Investors include high net worth individuals (angels), venture capitalists, and corporate investors.

Although our Web site is an important component of the process, it is our extensive experience and our connections within the high tech industry and investment community that ultimately ensures success in finding funding.

How does garage.com differ from a venture capital firm?

A typical venture capital (VC) firm raises money from external sources and then the VC invests these funds in various investment opportunities.

At garage.com, each Member Investor makes an independent investment decision and each Member Company chooses the investors with whom he or she wants to partner. The funds flow directly from the investor to the company. Member Investors and Member Companies negotiate the company's valuation, equity investment, and operational participation -- garage.com does not participate in this negotiation process.

Does garage.com compete with VC firms?

No, we help VCs and other investors find great startups. Also, we focus on only seed level deals. The average funds being sought by our Member Companies range from \$500,000 to \$1,500,000. This is below the threshold of most VCs, so we provide an alternative or extension to startups at this stage. Because most VCs avoid or limit the number of their seed-stage investments, angels are often the best source of seed funding.

On the other hand, it is rare for a company to need only seed capital. We'll help entrepreneurs launch and grow their companies, preparing them for additional financing from VCs and corporations.

Web Site Questions ([go back to top](#))**What is the best way to use garage.com's Web site?**

Garage.com's Web site is loaded with information that can assist both entrepreneurs and investors.

Start Here provides visitors with an overview of garage.com and its services.

Heaven is a private, password-protected area where Member Investors find investment opportunities.

The Garage is a private, password-protected area where Member Companies outline their business plans to attract the attention of some of the world's best technology startup investors.

Forums offer focused articles, valuable insights, questions and answers, and value-added information about seed and venture financing and startup related issues. These forums are hosted by national leaders in their respective areas: accounting and consulting, commercial banking, insurance, law, and venture capital.

Resources is where you can find helpful resources for entrepreneurs and investors, sign up for our various mailing lists, or buy a cool garage.com T-shirt.

Newsroom contains valuable daily information and real time news agents that can be used to track companies or topics of interest. Also look here for daily comics and our opinion page called the Soapbox.

Who We Are shows the people and organizations affiliated with garage.com -- employees, board members, advisors and founding sponsors. Additionally, the section Investors In Heaven is a select list of angels, venture capital firms, and corporate investors who can view and may invest in investment opportunities posted in Heaven.

Entrepreneur Questions [\(go back to top\)](#)

As an entrepreneur, why should I consider using garage.com?

Garage.com is the most effective way to raise seed capital. Helping the entrepreneur obtain seed level financing is our #1 objective.

We compress the entrepreneur's "time-to-money" via mentoring and a high quality investor network, thus allowing the entrepreneur to focus more time building his or her business.

We also provide Member Companies with expert advice, research and reference materials, and topical forums to help them launch and grow their businesses.

We offer advice with the development of business models, financing strategies, and organizational infrastructure; we offer assistance in finding investors and strategic partners who will provide financial and strategic support; and we offer assistance in putting the entrepreneur's company on the path to raising additional financing.

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What is the Garage?

The Garage is a members-only, password-protected area of the garage.com Web site. In the Garage, entrepreneurs apply for membership, and (after meeting garage.com's selection criteria) outline their business plans to attract the attention of some of the world's best technology startup investors.

What are you looking for in a company?

Here are the four key characteristics we look for:

(1) **The right target markets.** We look for entrepreneurs and startup companies focused on emerging growth sectors of technology, including information technology and medical technology. Specific sectors of interest include networking, software, computer hardware and peripherals, semiconductors, Internet, telecommunications, biotechnology, and medical devices.

(2) **The right company stage.** Garage.com Member Investors are interested in companies at the seed stage of investment. Therefore, we are looking for companies that have developed the basic idea and business strategy, have assembled a core team of individuals, have perhaps started with their own capital or funds from their family and friends, and are ready for approximately \$500,000 to \$1,500,000 to launch serious development and/or marketing efforts.

(3) **An aggressive, growth-oriented business plan.** The company's business plan should show how the company can grow (usually with additional financing) to become #1 or #2 in a specific market space and how the company will become profitable and provide investors with a high multiple of their invested capital in the not-too-distant future. This means that we will probably decline helping people set up consultancies and service firms with limited upside potential for investors.

(4) **A talented team.** We are looking for entrepreneurs who are demonstrably bright and talented, and who have a deep understanding of the technology market and business model underlying their company's success.

What does it mean to have my company posted in Heaven?

Heaven is the password-protected area of our Web site where our Member Investors view startup companies that we have accepted.

How do I get my company posted in Heaven?



The first step is to get a password to the Garage. After entering the Garage, you'll fill out forms that describe your business. Garage.com then evaluates the information you've entered and, if your business meets the needs of our Member Investors, we'll invite you to join Garage.com as a Member Company.

There are two areas of Heaven in which Member Companies are presented: the Portfolio and the Exchange.

What is the Portfolio and what companies are in it?

The Portfolio is our most selective list of investment opportunities. These are companies that we believe closely match the interests of our Member Investors. We invest a substantial amount of time and energy into companies that are accepted into the Portfolio. We also invest our own money in Portfolio companies.

What is the Exchange and what companies are in it?

The Exchange is an area of Heaven that presents Member Companies by category, such as software, hardware, or medical sciences. Companies listed only in the Exchange are companies in which we see substantial merit but which are not quite right for the Portfolio. Some are in niche businesses, others are out of our geographical reach, while a few may be beyond the seed stage.

What is the application process to become a garage.com Member Company?

To meet our commitment of showing the highest quality investment opportunities to our Member Investors, the selection process is rigorous and comprehensive, yet fair. We ask the entrepreneur for the same information required by any shrewd and experienced investor.

All submitted information is treated as confidential by garage.com's staff, affiliates, and advisors. We never show the information gathered in the application process to anyone outside the garage.com evaluation team without the entrepreneur's permission.

Here's an overview of the process:

(1) **Provide a Company Overview.** After requesting and receiving a Garage password, the entrepreneur completes a Company Overview. This includes basic company information, name, address, 100-word description of business concept, and the team's background. The Company Overview

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is submitted via our Web site for our evaluation team to review. It typically takes an entrepreneur about 45 minutes to complete the Company Overview.

The review of the Company Overview takes approximately one to two weeks.

(2) Complete a Detailed Application. The entrepreneur then completes a Detailed Application in the password-protected area of the Garage. If the entrepreneur already has a written business plan, much of this information can be used in garage.com's Web-based application forms. The entrepreneur can complete the Detailed Application in a few hours either during one Web session or via repeated visits to the Garage.

Once submitted, our evaluation team reviews the company's Detailed Application in great depth, including reference checking, technical evaluation, and competitive analysis. The entrepreneur may be contacted by email or telephone to supply added information or clarify points on the Detailed Application.

The review of the Detailed Application takes approximately three to four weeks.

(3) Face-to-face meeting. The next step in the evaluation process is a face-to-face meeting between the entrepreneur and garage.com to better understand each other and discuss a business relationship. A telephone conference call may be an appropriate substitute if the entrepreneur is outside the Silicon Valley area.

(4) Membership. A startup company that meets the criteria of our Member Investors and passes our evaluation will be invited to become a garage.com Member Company. After a review by the entrepreneur's legal counsel, the necessary agreements are signed detailing our mutual responsibilities and business terms and conditions. Once the paperwork is complete, the startup company becomes a garage.com Member Company with full access to our resources to pursue seed level financing.

Can I just send garage.com my business plan?

Please do not submit a business plan. It is essential that the company's information be entered into our database via the Web-based application process.

Although our application process draws substantially from the entrepreneur's business plan, it also requires the entrepreneur

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to address several specific questions that we have found helpful in capturing the essence of the business.

Additionally, and most importantly, Member Investors see the investment opportunities in a standardized format generated by our database.

Nevertheless, the full business plan will be very valuable as the entrepreneur proceeds to detailed discussions with interested investors.

My startup company is outside the United States. Can you help me?

While garage.com intends to "cover the world," for now we're focusing on companies based in the United States.

What information about my company will a Member Investor see in Heaven?

We assist the Member Company in concentrating the essence of his or her business plan into a Business Plan Abstract, or BPA. Usually this is an easy process since the BPA is generally a subset of the Detailed Application. Many sections of the Detailed Application are automatically transferred as-is into the BPA, while other sections may need to be reworked to clearly present the company's investment opportunity in the best way possible.

Sections of the BPA can be locked from general view in Heaven. The Member Company can unlock these areas on a case-by-case basis for Member Investors.

Member Investors may want to see the Member Company's business plan after reviewing the BPA. An investor's request to see the business plan will be relayed to the company. The company has the option to directly supply the business plan to that interested investor.

I still work for an established company and I don't want my employer to know that I am moonlighting in my garage. Will my name or any other identifying information be shown in Heaven?

In this case, the Member Company simply locks any information in the BPA that may be problematic -- it isn't shown in Heaven. The company controls what information is accessed by Member Investors.

What happens when potential investors express an interest

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in my Business Plan Abstract?

When a Member Investor expresses interest in a Member Company, garage.com releases the investor's Investor Profile to the company so the company knows who the investor is. The company can then make an informed decision to proceed or not proceed with that particular investor.

The company can release (unlock) previously locked information to a particular investor in Heaven once they have seen their Investor Profile. This is done on a case-by-case basis. The company controls what information is accessed by the potential investor.

If an interested investor is, for example, the entrepreneur's current employer, the company would have garage.com tell that investor that no match is possible without stating a specific reason.

Can other entrepreneurs see my Company Overview, Detailed Application, or Business Plan Abstract in either the Garage or in Heaven?

No, only qualified Member Investors can see companies listed in Heaven.

Is there an application or processing fee?

No, the application process is free.

How will garage.com be compensated for assisting me?

If a company is accepted into the Portfolio, the company compensates garage.com (through garage.com's broker/dealer) when it has received funding. The broker/dealer receives a small percentage of the new money raised.

If the company is accepted into the Exchange, the startup company pays \$495 for a 90 day listing in Heaven. Exchange companies do not pay a separate placement fee.

Will garage.com be making a direct investment in my company?

The vast majority of the funds raised by a Member Company come directly from our Member Investors -- angels, venture capitalists, and corporate investors.

Nevertheless, garage.com is affiliated with two investment funds that are designed to co-invest in Member Companies

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along with our Member Investors. Garage.com Startups LLC invests at the very earliest stage in companies, seeking a small percentage ownership position in common stock, purchased at a fair market value. This fund will make an investment decision before a company is posted in Heaven.

The other fund (Garage.com Investments LP) invests alongside our Member Investors at the seed round stage, seeking a share of the seed round financing by investing in preferred stock or convertible notes.

Our value-added services continue well past fund-raising. As stockholders, we have a vested interest in the company's long-term success.

When I become a garage.com Member Company, should I cease my own fund-raising efforts?

No, the company should continue to pursue all avenues of funding, including those parties with whom they were working before they became a garage.com Member Company. Companies should view garage.com as a "multiplier" of their own fund-raising efforts since their company is presented to a community of Member Investors (angels, venture capitalists, and corporate investors) in Heaven.

I am interested in having garage.com help me pursue my seed capital funding. What do I do now?

Entrepreneurs can go to the Garage now and apply for membership.

Investor Questions ([go back to top](#))

As an investor, why should I use garage.com to help me locate investment opportunities?

We offer assistance in finding pre-screened, high quality investment opportunities that match an investor's interests. We find very interesting startup companies that you wouldn't have a chance to see otherwise. These opportunities are presented in uniform formats that help investors evaluate companies quickly and easily.

Additionally, members have access to a broad community of investors focused on the cutting edge of high technology, enabling them to work together as they identify and qualify

investment opportunities. You can see more benefits at [Member Investor Benefits](#).

What is Heaven?

Heaven is a private, password-protected area for the sole use of accepted members. It is where Member Investors view investment opportunities in Member Companies which match their investment preferences

What types of investors does garage.com help?

Garage.com Member Investors fall into three main categories: high net worth individuals (angels), venture capitalists, and corporate investors.

How can I become a garage.com Member Investor? Can any potential investor join?

Individual investors (angels) making a private placement in a garage.com Member Company must meet strict SEC (Securities and Exchange Commission) guidelines for accredited and sophisticated investors. Additionally, garage.com requires that investors demonstrate experience with startup investments or equivalent qualifications. Besides money to invest, the ability to bring relevant expertise and assistance to a startup is important to our investor acceptance process.

Venture capital firms and the investment arms of major corporations have their own qualifying process.

Is there a membership fee?

Investors are charged an annual membership fee.

I am a foreign citizen living in the United States. May I join Heaven?

Yes, you may join Heaven, assuming you meet all other qualifications, such as being an accredited and sophisticated investor, and are a resident of the United States.

I am a foreign citizen living outside the United States without a U.S. residence. May I join Heaven?

Unfortunately, we currently are not able to offer our service to non-US based individuals and professional investors. Each country has its own securities laws and many have varying private placement exemptions and associated net worth

requirements. We hope to begin offering memberships to non-US based investors in the near future. In the mean time, please fill in your contact information in the Heaven area of our site. We will maintain your information in our database and contact you when we have come to a resolution in your country.

Do your Member Companies have a minimum level of investment?

That is up to each company. Companies posted in Heaven will generally ask for a minimum of \$50,000 to \$100,000 per investor. In some cases however, the company may be willing to take smaller investments if the investor brings valuable expertise to the company.

As a Member Investor in Heaven, I don't want garage.com's Member Companies contacting me. How will you prevent this from happening?

Member Investors control the release of their identity and contact information.

When an investor is accepted as a member in Heaven, an Investor Profile is created. The Investor Profile contains, among other things, the investor's contact information, investment preferences, and (at the investor's option) their investment history and high tech background. The Investor Profile is confidential and known only to the garage.com staff, affiliates, and advisors.

A Member Investor authorizes garage.com to release their Investor Profile on a case-by-case basis to only those Member Companies in which they express an interest. Only those companies will be contacting the investor.

Companies don't browse investors; investors browse companies.

I'm busy and don't have time to surf through Heaven looking for the right opportunity. What are my alternatives?

When Member Investors complete the Investor Profile, they describe the types of opportunities that interest them and how they prefer to be notified: email or fax.

When garage.com posts a new investment opportunity in Heaven that matches an investor's criteria, the investor is proactively notified.

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The investor can specify any number of investment areas, for example, hardware, software, or medical sciences, and change their investment criteria at any time. Or the investor may simply browse among all available investment opportunities in Heaven.

Does garage.com guarantee SEC compliance for its offerings?

No, the entrepreneur is responsible for complying with all SEC compliance and regulatory issues and garage.com encourages all Member Companies to have appropriate legal counsel for this purpose.

Is there more specific information that can tell me exactly how I use Heaven to find the types of investment opportunities that I am interested in?

Yes, once an investor is accepted as a member, a password is assigned to give that investor access to Heaven; there the investor will find more specific "how do I use Heaven" FAQs.

I am interested in becoming a garage.com Member Investor. What do I do now?

Investors can go to Heaven now and apply for membership.

Other Questions ([go back to top](#))

I'll bet there are some other things about these FAQs that garage.com wants me to know, right?

Yes, these FAQs represent our current business model and should be viewed as informational only. Information is subject to change without notice. If an entrepreneur or investor becomes accepted as a garage.com member, an agreement signed by the relevant parties details the current business practices, terms, and conditions.

Still got questions? [Ask us \(service@garage.com\)](#)

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Start Here : What We Can Do For You

Garage.com helps entrepreneurs and investors build great businesses.

For Entrepreneurs:

Assistance in obtaining seed level financing is our #1 objective. We compress the entrepreneur's "time-to-money" via mentoring and a high-quality investor network, thus allowing the entrepreneur to focus more time building his or her business.

We also provide member entrepreneurs with expert advice, research and reference materials, and topical Forums to help them launch and grow their startup.

Read more on the [Frequently Asked Questions from Entrepreneurs](#) page.

For Investors:

We identify and provide pre-screened, high-quality investment opportunities that match the investor's identified interests. These opportunities are presented in a uniform format that helps investors evaluate companies quickly and easily.

Additionally, members have access to a broad community of investors focused on the cutting edge of high technology, enabling them to work together as they identify and qualify investment opportunities.

Read more on the [Member Investor Benefits](#) page and [Frequently Asked Questions from Investors](#) page.

Want to participate? You can:

- [Apply as a startup company](#)
- [Apply as an investor](#)
- [Sign up for our mailing lists](#)

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